

with infinite possibilities of mineral wealth and manufacturing development, but which proved in fact little more than bottomless pits for the millions of northern capital spent in laying them out. It was the same with suburban improvements in the neighborhood of the great cities as with the "boom" towns of the South. Millions were sunk in improvements, in advance of actual demand, upon property for which no purchasers could be found when people began to ask themselves what was the basis of reality beneath inflated and fictitious values. Railroad building was not so marked a feature of the years preceding the panic of 1893 as of earlier panics, but there was a great demand for capital for equipping street railways with new power and the railways, as usual, were among the first to feel the effects of slaking industry.¹ The conviction that the country was upon the high road of prosperity led to extravagant expenditure by individuals, corporations, municipalities, and the Federal government. Foreign goods poured into the country at an accelerating velocity until the volume of imports rose from \$745,131,652 in 1889 to \$866,400,922 in 1893. The scarcity of the crops in Europe in 1891 caused a great demand upon the United States to supply the deficiency, and American exports of \$1,015,732,011 in the fiscal year ending June 30, 1892, offset in a measure the stream of imports, arrested the loss of gold, and delayed the crisis which might otherwise have sooner followed the operation of the Sherman law.

The relief which the farmers were thus enabled to bring to the fiscal situation of the country was but temporary. Europe was just recovering from a crisis and a part of the

¹ A list of dividends paid in 1893 which had ceased to be paid in 1895 showed a total of \$61,710,000 per year. Capitalizing this at five per cent, and making an addition for smaller concerns not included in the list, "the bad investments of the public, within three years, came fully up to \$1,500,000,000 and are likely to exceed it."—"Matthew Marshall" in *New York Sun*, July 1, 1895. This list included no losses on real estate investments and none in industrial enterprises, except a few of the largest, whose shares were the subject of trading on the New York Stock Exchange.